

Bismarck Infrastructure Task Force | Meeting 9 Minutes

The Bismarck Infrastructure Task Force met at 3:00PM on March 20, 2017 in the Mayor's Conference Room in the City/County Office Building at 221 North 5th Street in Bismarck. Present were: Commissioner Steve Marquardt (Co-Chairperson), Commissioner Shawn Oban (Co-Chairperson), Don Clement (Developer/Land Owner), Kevin Strege (Cornerstone Bank), Tricia Schlosser (Bismarck-Mandan Board of Realtors), Brian Ritter (BMDA), Keith Hunke (City of Bismarck Administrator), Sheila Hillman (City of Bismarck Finance Director), Gabe Schell (City Engineer), and Jason Tomanek (City of Bismarck Assistant City Administrator)

The minutes of the January 30, 2017 meeting were received and approved on the motion of Brian Ritter with Kevin Strege seconding the motion. All present approved the action.

Brian Ritter shared with the Task Force that the BMDA, the Board of Realtors, the Chamber's executive committee and the Home Builders Association have met with their respective members and shared the information that was discussed by the Task Force. Brian said that the consensus of the member associations is to address the current 1-cent sales tax collection before discussing additional revenue sources to help fund arterial roadway projects. Brian stated that the groups realize the 25-mill property tax buy-down will eventually consume the entire 1-cent sales tax collection at its current rate. It is the general consensus of the four member organizations (Chamber, BMDA, BMHBA, BMBOR) to cap the current property tax relief and redirect the special assessment subsidy to arterial road improvement projects that additional revenue sources will not make up the necessary difference in the long run.

Dot Frank added that the four member organizations would prefer that the current system be modified to support infrastructure funding over property tax buy-down and the special assessment subsidies. Dot closed by saying that the member organizations feel that there is a perpetual problem with the model used for the distribution of sales tax collections and until the current process is addressed, their members would not support any efforts to collect an additional sales tax.

Kevin Strege noted that the member associations and business community would prefer to establish a cap on the annual distribution of the current sales tax collections to include either a finite dollar amount distributed or a set percentage designated toward property tax relief and special assessment subsidies.

The Task Force members discuss the process to amend the current practice for sales tax collections and redistribution; it was determined that a change to the current system would take a vote of the public to modify the home rule charter. It was noted that the desire to amend the current distribution of sales tax monies may lower the future dollar amount necessary to help fund infrastructure improvements if the discussion arises again. The Task Force discussed the possible scenario of redirecting the current sales tax allocations with the understanding that by placing a cap on the current disbursements, the resulting impact would fall on the property owners in Bismarck through higher property taxes. It was noted that the intent would not be to cease property tax buy-down entirely, but rather to cap it at or near its

current rate of approximately \$8.8 million dollars, based on the current 2017 budget allocation and figures from recent years. The intent of the change would be to continuing funding City services such as the Police and Fire departments and other general fund City departments through property tax collections and to pay for road projects, as-available through the collection of the existing sales tax rate. It was also stated that the special assessment subsidy would no longer exist in its current form; for this change, the Board of City Commissioners would need to direct City staff to alter the current practice of special assessment buy-downs that was established in 2008.

The Task Force held a discussion about the potential impacts of capping the current property tax buy-down and discontinuing the special assessment subsidy to the residents and the community. There were mixed comments relating to these concepts; in particular, comments were made that residents of the community may perceive the proposed changes as an action to increase their property taxes and special assessments. It was noted that many of the arterial roadway projects identified by the Task Force are located in north Bismarck; residents on the south side of the community may not find the proposed approach as palatable as business owners on the north side of Bismarck. It was also noted that the potential for an increased amount of special assessment districts being protested out may increase because citizens are more aware of the current special assessment subsidies. The special assessment subsidies were initiated in 2008 to help offset the high cost of special assessments due to the large volume of infrastructure improvement projects that were being protested out by residents.

In closing, the general consensus of the member organizations is to cap the existing property tax buy-down and redirect one-half of the existing one-cent sales tax collections into a fund for arterial roadway improvements. There would not be an immediate action aimed at initiating a second penny of sales tax collection at this time.

It was agreed that Commissioner Marquardt and Brian Ritter will provide an update and the Task Force's recommendation to the Board of City Commissioners at their regular meeting on Tuesday, March 28, 2017.

The agenda having been completed, the meeting adjourned at 4:40PM.

Reported by Jason Tomanek